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MANUAL

ON

SYSTEMS OF CHECK.

COMPILED FOR THE

USE OF CO-OPERATIVE SOCIETIES,

BY DIRECTION OF THE

CENTRAL CO-OPERATIVE BOARD.

Issued by the Central Co-operative Board, City Buildings,
Corporation Street, Manchester.

1884.

JOHN

CHECK SYSTEMS.

IT may be advisable, in issuing this small work on the above subject, to preface it with a few remarks as to why it comes to be written and published.

Most active workers in our movement, and particularly members of committees and other officers of societies, have felt the want of a really good system of check in our stores, and many schemes have been tried, with varying success. The question as to the best and most effective has frequently been under discussion at Conferences in almost every district, and papers have been submitted at Congress on it; and the columns of the *News* have often been occupied with a controversy as to present systems, or with suggestions as to new and improved ones.

Having attracted so much attention, and being a matter in which societies were so largely interested, it was thought that the United Board should take steps to have the schemes at work tested, and the suggested ones inquired into, so that something like an authoritative opinion should be got as to the best and most suitable one for general use, in order to have it published for the benefit of the movement.

With this end in view, the Northern Section (always to the front in recommendations for improved working and extended knowledge) passed the following resolution, which was duly forwarded to the United Board, viz., "That we recommend the appointment of a special committee to take into consideration the cash check system, with the object of publishing, after completion, the best system they can arrive at for the use of the movement."

Acting on this, the United Board resolved—"That a committee be appointed to consider the question, and Messrs. W. Swallow, Joseph Greenwood, and G. Evans be such committee."

We cannot but think that the selection was to some extent unfortunate, as, owing to the distance which the members of this committee were apart from each other, and the nature of their ordinary duties in the movement keeping them regularly employed, they have not been enabled to meet so frequently, nor to give the matter sufficient collective attention to allow of their reporting earlier, or so perfectly as they desired, and as they believe the importance of the subject entrusted to their care deserves. However this may be, this little work is the outcome of the labours of such committee; and though it may not contain much that is new, yet it may prove of some value to have the ideas and experiences collected in a summarised form for publication.

Before reviewing the various check systems at present in use, or suggested to be introduced, it may be as well to explain what is the aim of a check system, what qualities it should possess, and what conditions it should fulfil.

According to the Co-operative Manual (see appendix), a complete system of check should—

1. Effectually check the actual amount of money taken.

2. If the society does not pay dividend on all articles, it should distinguish those on which dividend is paid from those on which it is not.

3. If non-members are entitled to dividend at a less rate than members, it should distinguish the two sets of claims, so that it may not be possible for a member to buy up the claims of non-members and get a dividend larger than the seller was entitled to by claiming in his own name.

4. It should enable the managers of the society to have a complete record of the articles stated to have been sold, if it appeared to be desirable, either generally or in any particular case.

5. It must be workable without such a consumption of time and money to the members or the society as may outweigh its advantages.

The writer then adds that none of the systems explained

in the chapter on distribution fulfil all these conditions, and he might have added, nor is one likely to be found to do so. The expense and trouble in preparing and working an elaborate system to meet all these requirements would, we believe, be more than any of our retail stores would care to face, nor do we see the necessity for them in our ordinary workings. What seems to us to be actually necessary in this matter is, to secure a system of check whereby a society may be enabled to know that all cash paid over the counter comes into the society, and that each member is enabled to claim his proper proportion of profits at the end of the term (quarter or half year) when profits are divided, and no more, *i.e.*, a complete check on the shopman as regards his honesty, and on the member as to his purchases—the latter portion to prevent, if possible, the claim by members on non-members' purchases, and the possibility of claims from forged checks or fictitious claims.

If these points are secured by a check system, we believe it will fulfil the expectations and satisfy the demands of most societies, without going into details of articles sold, and which appears to us to belong to another department entirely apart from the one we have to consider.

Having then laid down what is sought to be obtained by a check, we will proceed to examine the systems at present in use, and some of the suggested ones, to see how far they comply with the conditions, or in what respects they fail to carry out the intentions of their founders.

The systems ordinarily employed may be summarised as—

1. The ordinary metal or tin check given to customers by the shopman in exchange for cash, and representing value of purchase.

2. The above, with the addition of carbon check-paper and the employment of check-lads.

3. Carbon check-book, with duplicates and gummed card.

4. Shop-book system.

5. Systems at work in Scotland.

In addition to these may be mentioned, as suggested or on their trial,—

6. Scheme by Mr. Neale, with book showing articles purchased, &c.

7. System by Mr. T. Wood, and being tried at Eccles, being an extension of No. 3.

8. Postage-stamp system, as advocated in the *News*, &c.

9. Railway-ticket system.

10. Miscellaneous.

1. Ordinary metal or tin check—

This is, no doubt, the simplest and easiest method of enabling members to claim dividend at the quarter end, but is liable to much abuse. It is in such general use in all parts of the country as to make a description of it almost unnecessary. It consists in providing a number of checks or tokens, made of tin or other metal, stamped with the name of the society, and marked with the value intended to be represented, say from ½d. to £1, or in some cases even up to £5; in case of the latter the tokens are usually made of a better metal, say bronze or copper, better finished, and have nearly the appearance of coins of the realm.

These checks or tokens are given to members by the shopman every time a purchase is effected, corresponding in amount to the sum expended, or to such portion of it as may be entitled to dividend.

The tokens for values under £1 are required to be exchanged for those of that value (and these again for £5 tokens, when in use) at intervals during the quarter. The claim for dividend is then based on the number or value of such checks held by each member at the end of the quarter.

It is clear that unless a system is adopted and strictly worked of counting out the checks to the shopman, and making them tally with his takings, this system is no check on him. If the tokens were kept by the secretary or treasurer of the society, and counted out, say, weekly to the

shopman, he being required to balance his cash and produce either cash or tokens to the amount originally handed to him, it might be made efficient; this, however, would entail considerable labour, and, except in cases of small societies without branches, would be very difficult to work, and, to ensure its accuracy, would require that checks should be given on *all* purchases and for *all* amounts. Several large societies—notably Oldham Industrial, Manchester Equitable, Bury, Halifax, &c.—have adopted the system of giving out checks as referred to above, but as they also have the carbon paper and check-lads at work, any remarks on their schemes will come better under the next head.

2. As to the system employed by many societies of giving tin or metal checks on purchases, as above, and using, in addition, check-books with duplicate leaves or checks, between which is placed a carbon paper, thus securing that the entry made by the counterman at the time of purchase shall be copied on to the customer's check. In this system it is usual to supply each counterman with a separate book of checks, varying in number from 2 to 12, or even more, on each page, and perforated for tearing off, each book being distinguished by a number or letter, or by a different colour of paper, so that the counterman who has given out the check may be afterwards recognised. Under this scheme it is necessary to have check-clerks, who shall receive from the customer the paper checks, giving them in exchange tin or metal ones of the same value. These paper checks are then entered on sheets or in books ruled with as many columns as there are countermen, and totaled by the check-clerk, the totals of each column corresponding with the amount paid in by the various countermen; if any difference arise, it can easily be checked by referring to the counterman's duplicates. With care on the part of the check-clerk, and continual oversight and regular examination by the secretary, it may be made very efficient as a check on dishonest shopmen. Though, if a man is determined to cheat the

society, his ingenuity will suggest means of doing it by avoiding to use the black leaf and entering differing amounts; but these attempts will very generally be detected and exposed by proper supervision. Mr. Neale, in his article on checks, suggests that in all cases the lower portion, or duplicate check, should be given to the customer, the upper portion being retained by the shopman. This would entail no further cost, simply an alteration in the printing and perforating of the check-book, and would make the check all the more efficient, especially if the check-clerk was very careful to see that he accepted no checks but such as had been marked through the carbon.

This system has been varied in some places by the check-clerk being made into cashier or cash-clerk as well. In this case the countermen receive no money, merely supplying the customer with the goods he requires and handing him a paper check showing the amount. This is taken by the customer to the cashier or check-clerk, who receives it with the cash, gives tin or metal tokens in exchange, retaining the checks for entry as above. Thus the counterman's book is the check on the cashier, and to work it successfully the cashier or check-clerk should be carefully checked each day by the secretary or other officer, otherwise he might be tempted to go wrong. The keeping of a check-clerk and necessary attributes has been felt to be too expensive for a small store, and will, to an appreciable extent, be felt in increased expenses. We have heard, in a small society, of a locked box being kept on the counter, in which all checks were deposited by the customer, to be afterwards counted and totaled by the secretary daily; but this, so far as we are informed, did not work well.

In connection with this paper check system, the difficulty also arises that some societies do not give checks on all goods, and in others that certain kinds of goods only claim a certain proportion of profit; and again, as in Leeds Society and others, checks for flour, &c., are given in weight

and not in value. These would all cause difficulty in working out the system with any degree of accuracy, and would require special provision to be made for their working. Unless checks are given on every article sold, and on all alike, it is almost impossible to work this system accurately and without extra expense and trouble.

In this system, too, as usually worked, no provision is made for a check on the checks—*i.e.*, that no more tin or metal checks leave the store than are accounted for by the cash received in accordance with paper checks handed in. Many societies we know, and some of the largest, give an unlimited, or at any rate an unknown, quantity of checks into the hands of the check-clerks or countermen, as the case may be, and never take any account of what becomes of them This is dangerous—nay, criminal—as it places temptation in the way of check-clerks and others, who are often juniors, to which they should not be subjected, and may account to some extent for the complaints (which are numerous) by societies that the claims for dividend at the end of the quarter or half year exceed by a considerable sum the amount of the sales for the same period. Under this system the societies are liable to be imposed upon by forged checks, the metal of which they are usually made, and the ease with which they are produced after the first, not very great, cost of the die, offering facilities and temptations which should be removed. A case which occurred some short time ago in Yorkshire strongly exemplifies this, though from what we can gather we are not disposed to take an alarmist view of the subject and believe that it is largely practised, but think that the excessive claims are often the result of negligence in properly looking after the tin or metal checks inside the store, they being treated there as though they were mere instruments of check, and not, as they are, the representatives of money value. Thus a £5 token in a society paying a 2s. dividend would be worth 10s., hence sufficiently valuable to form a serious temptation. It is matter of debate

whether checks of 20s. value are not sufficient for any society's purposes, and whether the danger attending the more valuable ones does not outweigh any advantage to be gained by their use in facilitating collection at dividend time.

In several large societies in Lancashire and Yorkshire an attempt has been made to improve on the above system, or at any rate to incorporate them into a new and better one, and in some of these they claim to have established a perfect check. The carbon-leaf check-book and metal check are both retained, but a system is inaugurated whereby they have a check on the checks issued, and also, through the metal checks, on the actual sales, as suggested by us under heading 1. In the case of the Oldham Industrial Society, which may be taken as a fair example of the system we are describing, and which has about 8,000 members and twelve branches, and may consequently be regarded as an illustration of the working of a large society, we were informed that the committee and members had been for many quarters dissatisfied with the amount of claims for dividend being so much in excess of sales as shown by the balance sheet, and consequently they determined to have a new and complete check, and adopted the following :—All tin and metal checks were called in and made an illegal tender for dividend after a given date. A new set of checks in metal of a better kind and varying shapes was obtained, in which checks of all necessary values from halfpenny to twenty shillings or one pound were included. (The cost of this new set of checks alone was a little over £1,000.) These checks were given into the hands of a responsible man, who, along with a youth, had them in charge, and who were provided a special room, and every facility, so far as locks, boxes, and other safe places, for the carrying out of their work, the whole duty of the man and youth being to see to the security of these checks, and to the proper working of the check system. Check-lads or clerks, together with carbon books as previously described, were provided for every store.

Checks of different values were placed in a box provided for the purpose and made specially, and forwarded to each store, locked and properly secured. These were accompanied by a paper showing the exact value of checks contained in the box, and ranged under their different values, a copy of which paper had been previously entered into a book specially provided. The check-clerk, on receiving these checks at the store, is expected to see that they tally, and that he has received the full value with which he is debited. The work of the store is then carried on as under the ordinary carbon or metal check system; the check-clerk giving out tokens in exchange for paper checks.

At the end of the week the box is locked up with whatever checks remain, and returned to the check-manager's office, being substituted by another box containing supply for the coming week. The check-manager, having ascertained from countermen's books and check-sheets the amount of cash received, proceeds to count the checks returned, which are expected to amount to the sum originally given out, less the amount of sales. Pence and shilling checks are exchanged for £1 checks in the following manner:— They are received and counted by a shopman at any branch or central grocery, then put into a tin box with divisions for pence and shillings. He then makes a ticket for the number of pounds received from the customer, who takes the ticket to the check-boy, who gives £1 checks for the amount entered on the ticket in writing and figures, the check-boy entering the same on a sheet, and so it is repeated till the end of the week, then both checks and sheets are sent into the check-office. Sheets are added, and checks are counted, to see if they correspond with £1 checks given out by the check-boy. Then, to see if the whole system is carried out correctly at the end of the quarter, stock is taken, which invariably confirms to a few pounds the quarter's balance from the checking report. The business of the society averages £6,000 per week. Great care and expense seem to have been used in

carrying out this system, which we are assured worked to the entire satisfaction of the committee, and had effectually removed the "over-claims" to which they had previously been subject. The cost of working the system, including first cost of checks, fittings, &c., as above, is about £16 per week. Various modifications and suggested improvements on this have been adopted by other societies, but on the same general principle. In all cases they have books specially printed, and every facility given to the check-managers for the proper performance of their duties.

3. Carbon check-books, without tin checks, &c.—

This system is worked at several stores, and its advocates claim for it several advantages. The following is a description of it as in operation at Droylsden Society. Books are provided almost like those used in the system previously described, each shopman having two (one for each alternate day), and numbering every check as he gives it out. The checks are smaller than the ones generally used in the previous system, and follow each other in succession from top to bottom of each page of the book, having the name of the society printed on the left-hand side of each, and columns for £ s. d. on the right, thus:—

Droylsden I C S Lim	.....	.....	.....	This portion, which folds under the other portion, and is of similar size, forms the duplicate for checking purposes, and is of course retained by the shopman and taken into the office as a check on cash.
Droylsden I C S Lim	.....	.....	.....	
Droylsden I C S Lim	.....	.....	.....	
Droylsden I C S Lim	.....	.....	.....	
Droylsden I C S Lim	.....	.....	.....	
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The size of these check sheets in actual use is 3½in. by 10in.

In this case no check-clerks are employed, and no tin checks used. Every counterman receives cash for purchases, and gives out a check for the amount from book as above. These paper checks are taken home by the member, and

affixed to gummed sheets prepared for them and supplied by the society. This is repeated every time a purchase is made, until the sheet is filled, when it is brought in, cast up and checked by shopman, the total being carried to a new sheet, and so on till the end of the quarter, when the sheets are brought in, and the total being checked becomes the claim for dividend.

The colours of the checks are changed every quarter, and no claim for dividend is admitted, except on the paper used during each quarter. This causes the claims to be more regular, and secures that the dividend on each quarter's trade shall be divided on it, and prevents fluctuation and irregularity in claims.

The shopmen's books, containing duplicates of checks given out, are sent into the office daily, and cast by the clerk. The countermen's cash is paid into the office daily, in bags furnished to them for that purpose, and each marked with a distinguishing number, with a memorandum of the amount the bag contains. This is counted by the treasurer, and compared with the totals of the counterman's books, as furnished by the clerk. This system is simple, easily worked, and secures that each member claims on his own checks, besides being a strict check on the shopman. The secretary of a society where it is in work reports highly of it; he says they have little difficulty with it—few errors or complaints, and rarely an attempt to defraud by altering checks, which is easily discoverable. In entering the amount at time of purchase, the countermen are instructed to place the figures at the extreme right-hand side of the columns, filling up the blank with a dash thus:

£	s.	d.
—2	—4	—

This prevents figures being inserted to increase the claim.

No. 7, which will be afterwards referred to as a scheme introduced by Mr. T. Wood, of the Wholesale, and in successful operation at Eccles, seems an elaboration and extension of this system, with several important additions and improvements.

No. 4 we will call, for abbreviation, the shop-book system.

This, we believe, was one of the earliest, if not the very earliest, system of checking members' purchases and showing the amount of claims for dividend at the end of the quarter, viz., by each member having a book in which is set down the amount expended each time he visits the stores. This plan has been discarded by societies as they have grown and extended in branches, &c., one or other of the previously-mentioned having been substituted as saving time and labour, checks being used in lieu of so many book entries; but as at least one large society has within recent years established a check system with this shop-book as the basis, and claim for it to be better than anything they have hitherto tried, it is but just that we should here describe it.

The society referred to (Oldham Equitable) has eight branches, in addition to its central stores. The number of members on the book is about 6,000, of whom a little more than 5,000 are purchasing members. The same system of check, viz., by shop-book, is at work at the central and all the branches.

Each member is furnished with a memorandum book, on the first page of which is printed as under:—

No.....

Name.....

[*Name of Society*]

CO-OPERATIVE SOCIETY LIMITED.

It is particularly requested that this book be brought to the shop every time a purchase has to be made, and that the customers see that the amount is correctly entered.

Persons will not be required to bring this book to be added up at the store, as dividend will be paid from the society's ledgers.

Members must bring their check-books when they come for dividends.

If this book be lost, a new one can be had at the office on payment of fourpence.

This book, which is pretty stoutly bound and easily portable, is to be brought every time a purchase is made at the store ; and we are informed by the manager that they rarely come without it.

Each counterman is furnished with a book specially ruled, in which to enter sales, thus :—

Date.	Member's No.	Member's Name.	Member's Purchases.			Non-Member's Purchases			Tradesmen, &c.	Shopm'n's Name.	Remarks.
Feb. 16	1,372	W. B.		4	6					W. S.	

When a customer makes a purchase, he pays the amount to the counterman, who immediately enters it in his book, and also in that of the member, putting his number to the

same and using initials of his name in his own book as above. The transaction is then complete so far as the member's purchase is concerned. This is repeated as often as a customer comes, the date being entered only once per day in shopman's book. We were informed that each shopman will serve, say, 200 customers per day on a busy day.

There are two sets of shopmen's books, which are changed weekly, one being in the shopman's hands, while the other is in the office for posting. The treasurer collects the cash from each store daily, with a memo. of each man's takings, and this is balanced with the shopman's book at end of week when brought in, a weekly summary book being used for that purpose. When the shopmen's books are brought into the office weekly, the various transactions are posted to each member's account in a ledger, which is ruled so as to provide one page for each member, the number being printed and name written at the head of the page. We append copy of sheet from society's ledger:—

Date.	Shopman's No.	Amount Spent.	Date.	Shopman's No.	Amount Spent.

There are four books to a thousand members, or twenty-four books in all. Few errors are discovered, but if a wrong number is taken by a shopman, or other difference occurs, it is entered in the back of shopman's book, and rectified next time the member comes to purchase.

There have been some attempts made by members at altering the figures in their books, but these are invariably

discovered when compared with shopmen's books, and as dividend is paid from society's check-ledger, and not from member's book, fraud is almost impossible.

Dividend is paid quarterly. At the end of each quarter the members' purchases are added up in check-ledger, and the total amount is entered on a dividend warrant, upon which also is put the amount of interest due, and any stoppage that may be made towards a share, or for the reserve fund. It is also made to answer, once a year, as a receipt for the share book when brought in to be audited. Dividend is paid on the pounds, the balance of shillings and pence being carried to next quarter's account. The following is a copy of the dividend warrant, as in use at the society referred to :—

OLDHAM EQUITABLE CO-OPERATIVE SOCIETY LIMITED.

QUARTER ENDING JUNE 20TH, 1882.

Name *No.*

The amount spent by you during the past quarter, including balance from the previous one, is £ : :

You will receive Dividend on the pounds, and the balance will be carried forward to next quarter.

	£	s.	d.
You will receive for Dividend.....			
,, ,, Interest			

We have stopped you towards a Share.
,, ,, for Contingent Fund.

When Members have got this Ticket they must not go away without drawing their Dividend.

The amount entered in your Share Book is £ ,, ,, and it will be ready for delivery the first week in August.

OLDHAM EQUITABLE CO-OPERATIVE SOCIETY LIMITED.

QUARTER ENDING JUNE 20TH, 1882.

Name *No.*

The amount spent by you during the past quarter, including balance from the previous one, is £ : :

You will receive Dividend on the pounds, and the balance will be carried forward to next quarter.

	£	s.	d.
You will receive for Dividend.....			
,, ,, Interest			

We have stopped you towards a Share.
,, ,, for Contingent Fund.

When Members have got this Ticket they must not go away without drawing their Dividend.

The amount entered in your Share Book is £ ,, ,, and it will be ready for delivery the first week in August.

One of these papers is given to the person drawing the dividend, and the other is retained by the person paying, and is his security for having paid it.

The member's share-book is produced at the time of paying dividend, and by means of his purchase-book each member is able to check his amount and see that he gets all he is entitled to. The system is perfect as a check both on purchaser and shopman, and also prevents a member taking advantage of a non-member's purchases by buying up his checks. Several clerks are employed daily in posting members' purchases to check-ledger, &c., but check-clerks in the shops are abolished, and the expense of carbon check-books and metal checks is saved. It is also a saving of the members' time. They have not to wait to get their paper checks changed for tin or metal ones, nor preserve them and count them over and bring back to change for £ coins; and every member is saved a journey to the central at the quarter's end, as they do not require to bring coins in for dividend, and the time of clerks, &c., in collection is saved. This, with expense of going round to branches for such purposes, is considerable in some of our large societies. At first sight it may appear clumsy and circumlocutory, but seems to work very easily, and gives entire satisfaction at the society named. On inquiry we find that the difference in cost as between this and the old system of check (No. 2), which was formerly in use at this society, is about £5 per week, the book system at present in use costing about that amount more, but, says the manager, "this is made up by the difference of checks brought in formerly, as the claims were largely in excess of sales each quarter. Now we are always correct, and know that we are paying to each member on exactly what he has purchased, and that we have no fictitious claims to meet."

It should be explained with reference to the counterman's book, as above, that the date is only entered once, at commencement of each day.

With regard to non-members' purchases, this society always allows to non-members a dividend or discount of one penny in the shilling, which is allowed at time of purchase,

the counterman entering the net amount in his book. Thus, if a non-member purchased, say ten shillings worth of goods, he would have a discount of tenpence, and the counterman would enter 9s. 2d. in his book. The counterman might be instructed to get the person making the purchase to affix his initials to the amount, otherwise the society has no check over the amounts received from non-members.

The column headed "Tradesmen, &c." refers to purchases made by members from local tradesmen with whom the society has made arrangements for supplying goods in which it does not deal directly, and on which a discount to cover dividend is returned, a check for which is given at the time of purchase, and on this being handed in to one of the society's countermen, he enters it into the member's book for dividend, and also into his own book, that it may be duly credited in the society's check-ledger to the member. The counterman retains the checks, which will be there at balancing.

The column headed "Remarks" is for anything out of the common run of trade, such as bags, boxes, empties, &c., which may be disposed of by the counterman.

5. With regard to systems at work in Scotland, Mr. M'Nair writes :—

"The method which is by far the most common is that of having a cash-clerk in each shop.

"Each counterman is furnished with a check-book or flimsy, containing, say, 100 pages in duplicate, paged from 1 to 100. When a shopman is about to serve a customer, he takes a note of the goods wanted on his flimsy, and, after supplying these, he tears out the leaf (which is in duplicate), one of which is handed to the cashier with the cash ; the other is retained by the buyer.

"The cashier enters the amount of cash received opposite the number of flimsy on clerk's ledger, and on the page whereon the name or number of shopman is, the ledger has corresponding numbers to those on the shopman's flimsy book.

"We have what I would term co-operative currency, a method which finds favour with some of the more advanced thinkers; but the mass seem unwilling, or unable, to put it into practice. I believe there are only two societies who have partially tried it.

"The method is this:—Let a society procure coins of vulcanite, bone, ivory, or any other substance which can be recommended for durability and cheapness, without being easily counterfeited, of varying diameters and colours, representing different values.

"Cause the members to come to the office, and purchase whatever quantity of these coins they may think necessary; cause the shopmen in the stores to accept these coins as legal tender. Here is a most complete check, because no money is drawn in the shop at all. No tokens are required, only a book in which an entry is made when money is exchanged for coins, the total of which at the end of quarter is the member's purchases.

"In addition to this method being a check on the drawings, it would also prove itself very beneficial in adding to the profits of societies by utilising the sums necessarily required in each household from one pay day to another, sums which individually are of little account, but when taken in the aggregate will tend very much to diminish the working expenses of a society. As for instance, a society in a district with fortnightly pays, doing a business of say £500 per week, would, under this system, save £25 per annum, by requiring £500 less capital to work the business than under the usual cash system, and £50 per annum of a saving over a society conducted on the credit system."

Mr. George Fyfe thus describes the system at work in Port Glasgow:—

"Each counter servant has a small book, which he retains exclusively till it is exhausted, the one half of which book is full of small perforated square tickets (about 1¼ or 1½in. square); these are all numbered in rotation from No. 1

upwards. The leaves of the other half of the book are ruled in single money column form, and each cross line contains a printed number, these numbers following in rotation and corresponding with the numbers on the perforated tickets. On a member or customer being served and tendering payment, the counter servant takes his small book and on the perforated ticket (taking the tickets in rotation as numbered) marks the amount purchased (say one penny, or twelve shillings, or what the sum may be), and then puts his initials on the ticket to verify it on the other half of the book, and opposite the corresponding number he marks the same amount. Having done this, the ticket is torn off, and the counterman proceeds to the cashbox, where the cash servant is stationed, and lays on his desk the ticket with cash and the member's purchase book (tokens not being in use, although the system could be worked with them).

"The cash servant is provided with a ledger, which is ruled off into columns, having as many columns as there are countermen. Each has a distinct column, which contains space for number of ticket and £ s. d. spaces. On the cash servant receiving the cash, the ticket indicates the amount purchased, which is the amount to retain, and the initials which counterman received from. The number of the ticket is marked in the ledger in the column devoted to that particular counterman's transactions, with the amount of purchase, which is also entered in the member's purchase-book by writing the amount across the leaf, besides putting it in figures for auditing, thus:—

Nov. 12th—Twelve shillings and twopence...	—	12	2

"The purchase book and change are then handed to the purchaser, and the transaction terminates as between purchaser and servants. The tickets are put into a small tin box by the cash servant, which box has as many divisions in it as there are countermen, and a separate slit or hole in

the box to correspond with each of such divisions, so that each counterman's tickets are kept separate, and at the end of the day each cast up the entries in their small books, which give the total of the day's work. The cash servant casts up the columns in the ledger, when the amount in counterman's small book and the amount in ledger must tally ; then the grand total in ledger and cash must tally, so that counterman's book, cash servant's ledger, and cash book all correspond ; if there should be any difference, they compare numbers, until they come to the difference, when the treasurer unlocks the tin box and finds the ticket bearing the number the difference is about, and it shows which has made the mistake, and the difference is corrected.

"The treasurer receives cash, takes box and tickets with ledger, leaving another box and ledger for the next day's transactions, interchanging them day about, the object being to examine the tickets and ledger to see that rotation has been kept and all tickets accounted for by being in the box, and corresponding entries being in the ledger with sums opposite them. By this system it is considered that unless there is a distinct understanding between the member purchasing, the counterman, and the cash servant (three) there cannot be dishonesty carried on."

The writer adds that, to judge of the scheme by written detail, it may seem complicated and laborious, but it is very simple and easy, giving confidence to all connected with it. The expense of working will vary in accordance with size of store and turnover, &c. The books for the scheme were got up by the late Mr. Mc.Innes.

We have not seen the system as described by Mr. Fyfe at work, but should think it rather cumbersome and complicated, and think the same result might be attained in a much easier manner by a system like that at Oldham Equitable, more especially as they have the shop-books at work. It would be less trouble to the counterman to make the entry in the member's book direct, and also in a counter-

book, than to make two duplicates and carry one to the cash servant. It seems like an expansion of system described under head 2, with counter-book substituted for checks, and the only gain as between the Oldham book system and this is the additional check provided by the cash servant. We presume dividend is paid from member's book, whereas at Oldham they dispense with the check or cash servant, but instead have a clerk to post direct from countermen's book, thus enabling them to pay dividend direct from the society's own ledger, and avoid the risk of paying on any fictitious claims from books having been tampered with, &c.

6. Mr. Neale has made "suggestions for an improved system of check on sales and money-taking," which, although we believe to be too complicated in their working, and likely to land societies into an amount of expense and trouble out of all proportion to the benefit gained, yet, from the gentleman's experience and knowledge of co-operative workings, we feel it our duty to publish.

In a large and prosperous society like the Civil Service Stores in London, where a small additional office expense is barely felt, this plan might work, but in our small and medium-sized stores, where economy of management is of vital importance, and where the slightest additional working cost is immediately noticed, we feel that the system would entail more cost and trouble than committees would care to face. There is no doubt, however, that were the system properly carried out it would be of great benefit to the societies using it, not only as affording a satisfactory check on sales by countermen, but also as giving to the committees an exact knowledge of the quantities of each class of goods sold. But, as previously expressed in our earlier portion of this paper, this is a matter which belongs not so much to a check system as to another department of a society's bookkeeping. With these remarks we will submit the suggestions in Mr. Neale's own words.

SUGGESTIONS FOR AN IMPROVED SYSTEM OF CHECK ON SALES AND MONEY-TAKING.

1. A good system of check on the business of a society should possess the qualities as stated on page 4, extracted from the Manual.

2. To effect this object I propose—

(1) The employment of cash books on the plan annexed :—

	Date.	Member's No.	Articles Sold.	Cash Received.					Totals of Cash.				Initial of Shopman.
				Dividend.			Non-Divi.						
				£	s.	d.	s.	d.		£	s.	d.	
1									1				
2									2				
3									3				
4									4				
5									5				

The pages are supposed to be duplicate, and alternately whole and perforated, the perforation on the lower page corresponding to the stronger lines on the upper one, of which the one given is a specimen. The entries would be made by the carbon process.

(2) That card or paper tokens, similar to those described in art. 2, pp. 6 to 11, should be used as a basis for dividend.

3. The working of the plan would then be as follows, taking first the simplest case, where the money is taken, the dividend tokens given out, and the goods delivered by the same person. In this case the salesman would have—

(1) To enter the date and member's number, on sales to a member, with N.M. for non-member on sales to a non-member. The name might be substituted for the number if necessary.

(2) To enter the cash paid in the dividend or non-dividend column, as the case might be, and carry out the total in the proper column.

(3) To tear out the divisions on the lower sheet, where the entries were reproduced, and give this to the purchaser.

(4) When payment had been made, to initial the division for totals on this slip, tear it off, and file it.

(5) To give back to the member the rest of the slip, with the dividend tokens and goods.

4. Thus the members would have—

(1) A record of their total purchases, which might be made upon gummed paper, so that it could be easily fastened into a book and kept.

(2) Dividend tokens for the amount ;

While the society would have—

(3) A record, in a form easy to cast up, of the cash taken, which should correspond with the dividend tokens to be accounted for and the money.

(4) Vouchers for the amount received, in the filed slips, which would be an independent evidence, in so far as they have passed under the member's eyes.

(5) If a record of the articles sold were desired, the book would allow of its being made. In this case the entries might be continued from one division to the next, according to the demands for space, the totals being carried out, in the last division used, into the total column.

5. The only matter not provided for above is the sales to non-members. For those some distinctive mark must be made use of, such as a stamp with N.M. to be put on the dividend token. The non-dividend sales would tally with the excess of money-takings above tokens issued.

6. Supposing the money takings to be separate from the sales, the purchaser would have to take the slip to the cash-taker, who would initial and tear off the portion containing the total, and return it, with the other part of the slip and the dividend tokens, to the purchaser to take to the salesman, who would file it and hand over the goods. Here the filed slips would be the vouchers with which the dividend tokens and money takings would have to agree.

7. But neither in this case nor, of course, in the former one is the check complete if the separate articles are not entered, so that if the money and dividend tokens do not agree with the entries of totals, there may be a possibility of appealing to the details to see where the error may have arisen. To facilitate the making of these entries, I would suggest the use of symbols, consisting of single letters or combinations, as B for butter, C for coffee, Ca for cocoa, T for tea, &c. By using such symbols, a salesman would, I think, soon learn to make out the account as quickly on paper as in his head, with far more satisfaction to the purchaser. Printed lists of the symbols, alphabetically arranged, might be hung up behind every counter. But reference to them could never be wanted in ordinary cases, while the shopman would always be able to set down the full name if he forgot the symbol.

7. The system of check as devised by Mr. Wood, and in successful operation at Eccles, is described by him as under:—

This system is designed—

(1) To ascertain accurately each shopman's receipts.

(2) To serve as an easy means by which can be ascertained the purchases of each customer, and whether a member or non-member, so that only the lesser dividend to which the latter is entitled shall be paid to him.

(3) To serve as a means by which any attempt by the shopman to defraud the society, by appropriating any of the moneys received by himself, will be detected, and to identify the shopman who is the guilty party.

(4) To serve as a means by which any attempt by the customer to defraud the society, by increasing the amount of his checks, or coining metal checks where such are used, and thus increasing the dividend receivable, will be detected, and to identify the guilty person.

(5) To require in practice the least amount of display and labour in the shop, both for the convenience of the shopman, who ought to have his attention directed mainly to serving the customer with despatch, and of the customer, who, for the encouragement of the trade, should be put to as little labour and inconvenience as possible.

(6) To prevent the checks of one quarter being brought in any succeeding quarter.

(7) That the expense of keeping the check system in operation shall not be very great.

I cannot think of any other service than this which could be expected from the check system, unless in cases of such societies as do not allow dividend, or only a lesser rate, on certain goods to distinguish the amount of each member's purchases of each class. I submit that it would be most difficult indeed to establish a check system at all under such circumstances which would answer all the important requirements expected from it, as to do so two independent and opposite interests have to be created so as to make each to

look after their own, viz., the shopman's and the customer's. The interest of the latter will only be sustained to see that a correct record is made for him of his purchases of such goods as he can receive dividend on, and, as all goods are sold for cash, there will be no individual purpose served to him in seeing that correct entries are made of the amount of his purchases of any goods on which no dividend is allowed, and, therefore, the certainty of a check on the shopman's receipts of cash at once fails. Besides, as co-operators, we ought to proceed on different lines to the private trader, where we find such to be unfair, and go on the principle that all goods, according to their value, the labour of packing and distributing them, and their perishable or non-perishable character, ought to carry with them a proportionate rate of profit, and that we should not condescend to make certain goods leading articles to catch custom by selling them almost at cost price, as is often done in competitive trade. With this exception, therefore, any system that will effectually perform all the services embraced in the above efficiently will, I feel certain, recommend itself for almost universal adoption. In the first place, we must dispense with metallic checks, as, however elaborate they are made, there is a possibility of experiences occurring similar to the one in Yorkshire, only recently, which most of you will have read of in the *News*, where an unscrupulous individual imposed upon several societies by coining counterfeit checks to a considerable amount. The dividend paid by societies, ranging from 1s. to 3s. in the £, would make this a very profitable undertaking if it could go on undetected.

The system that I would recommend is a development of what is known as the carbon check-book system as described on pp. 11 to 13; only paper checks to be used, and metallic checks to be dispensed with altogether.

The leading feature in the developed system recommended here is in the comparing of the check-sheets of the

customers when brought in with the duplicates. In order to render this as easy as possible, I would have the checks lettered and numbered as follows:—

(1) The central store to be represented by the letter A, and the branches by the other letters of the alphabet in consecutive order.

(2) Each shopman to be represented by a number under the letter; for instance, first shopman at the central to be indicated by $\begin{matrix} A & A \\ 1 & 2 \end{matrix}$ the second shopman $\begin{matrix} A & A \\ 3 & 4 \end{matrix}$ so as to give two check-books to each person, to be used alternately.

(3) Each set of check-books to be numbered from one upwards, consecutively, so as to last at least from twelve months to two years, and by such means render it impossible for the same numbers to recur at near the same time.

(4) The checks to be carefully ruled with £ s. d. columns; and it should be insisted upon that the shopman should enter the figures plainly in the columns provided for them.

(5) Below is a sample leaf of check-book, and duplicate is exactly like it, but not perforated.

(6) Gummed sheets should be carefully ruled with columns exactly to conform with the checks, so as to serve as a guide to the exact position in which the latter should be pasted on them. The following is an example of the headings that should be printed on the gummed sheets of both members and non-members:—

ECCLES INDUSTRIAL CO-OPERATIVE SOCIETY LIMITED.

MEMBER'S CHECK-SHEET.

Please fasten your Checks on this sheet in the spaces provided, the lines to fall exactly as indicated, so as to render additions easy. When full, add up and at once bring to the Store to be exchanged for a Transfer Check for the total sum and a blank sheet. On the days announced for bringing in Checks, this sheet must be brought, added up, when a receipt will be given for the total number of pounds on which Dividend can be claimed, and a transfer to be carried to next quarter of shillings and pence. No check-sheets will be taken in at end of quarter, unless accompanied with Pass Book, which must be left to be audited. Any Non-members' Checks found on this Sheet, the whole will be forfeited.

No..... *Date issued*.....

Name.....

Quarter ending.....*188*

ECCLES INDUSTRIAL CO-OPERATIVE SOCIETY LIMITED.

NON-MEMBER'S CHECK-SHEET.

Please fasten your Checks on this sheet in the spaces provided, the lines to fall exactly as indicated, so as to render additions easy. When full, add up and at once bring to the Store to be exchanged for a Transfer Check for the total sum and a blank sheet. The head shopmen at the Central and at each Branch are authorised to purchase the number of pounds that Non-members' Checks amount to at any time, if brought in during the quarter they are issued, and to issue a Transfer Check in exchange for the shillings and pence.

Date issued.....*188*

Name .....

Quarter ending.....*188*

A check-sheet should be provided for each place of business, and hung up in a conspicuous position, upon which all checks left behind by purchasers who do not care to take them away should be fastened, or any checks accidentally left behind. These cases are more numerous than many would imagine, and this course should be rigidly enforced; these check-sheets to be examined same as all others.

One transfer check-book only is required for each place of business, and should be in the care of one person only. The transfer checks should also be examined, just in the same way as ordinary checks.

(7) The checks and gummed tickets issued to non-members should be of a different colour to those of members. This development of the paper system, and dispensing with metallic checks, would, I urge, accomplish all the purposes indicated above; the means by which purposes Nos. 1 and 2 are attained are already stated in the explanation of the paper-check system as at present in operation where metallic checks are not used at all, but transfer paper checks are issued until the end of each quarter for the full sheets of ordinary checks.

(8) To assist in readily checking the customers' sheets with the duplicates, each check-book should be plainly labelled outside, with the letter indicating the shop, the number indicating the shopman, and the numbers from and to which the checks are numbered consecutively.

PATTERN LEAF OF CHECK-BOOK.

DUPLICATE EXACTLY THE SAME.

A 19	5000				A 19	4975			
A 19	4999				A 19	4974			
A 19	4998				A 19	4973			
A 19	4997				A 19	4972			
A 19	4996				A 19	4971			
A 19	4995				A 19	4970			
A 19	4994				A 19	4969			
A 19	4993				A 19	4968			
A 19	4992				A 19	4967			
A 19	4991				A 19	4966			
A 19	4990				A 19	4965			
A 19	4989				A 19	4964			
A 19	4988				A 19	4963			
A 19	4987				A 19	4962			
A 19	4986				A 19	4961			
A 19	4985				A 19	4960			
A 19	4984				A 19	4959			
A 19	4983				A 19	4958			
A 19	4982				A 19	4957			
A 19	4981				A 19	4956			
A 19	4980				A 19	4955			
A 19	4979				A 19	4954			
A 19	4978				A 19	4953			
A 19	4977				A 19	4952			
A 19	4976				A 19	4951			

Any disposition to defraud the society would be directly antagonistic as between the shopman and the customer.

The shopman would attempt to alter the duplicates by which his cash is checked to a lesser sum, in order that he could pocket the difference; the customer would alter his checks to larger sums, so that he could obtain dividend on the same; and seeing that the checks and the duplicates are taken indiscriminately apart after being made out, any attempt to defraud would, by a system of comparison, altogether independently of the shopman and the customer, very soon be found out; and the fact of such a system of checking being known to exist, and the liabilities to a criminal prosecution towards anyone who attempted to defraud the society, would cause such attempts to be very few indeed. It would be impossible to carry out any system of tampering with these checks for any length of time without being found out.

The checking should be done at the central store under the supervision of the secretary, and altogether independently of any influences from either shopmen or customers. No check-sheet, whether member's or non-member's, should be allowed to be put away until every item has been ticked off as having been compared; and no book containing duplicates should be put away until such a time had transpired as to render it improbable that any other checks belonging to such books would be brought in. There would be no difficulty in identifying any check with the duplicates by this system, as no two numbers could compare alike without the shop letter or shopman's number being different, and the checking would be rendered comparatively easy by this means. The comparison would not need to be completed in the quarter to which the checks belong, as a criminal prosecution could only be established against any customer after having received his dividend, if by tampering with his checks he has received more than what he is entitled to, as it is only then that he will have wilfully appropriated the society's funds. It is important, however, that the checking should be done day by day as the customers' sheets come in,

as, if allowed to get behind, there might be a great difficulty in getting it up, and then the system might get into disrepute through want of attention, and not through any imperfection of the system itself. Therefore I think I have now proved how purposes Nos. 3 and 4 can be accomplished by this simple means of both check and duplicate, indicating by what shopman check is issued and the customer who has received the same, by bringing them both together again after having done their full duty. No illustration scarcely is needed that purpose No. 5 is accomplished efficiently, as all that the shopman does under this system is to receive the customer's money for his purchases, and hand him a check for the amount in exchange, and the customer immediately on receipt of the latter is able to walk away. If he has to make purchases from three or four departments, the same ease and simplicity exist in transacting the business; and instead of displaying to the customer a system of routine that is most tedious and cumbersome, as is the case where check-clerks exist, all the routine is kept in secret in the internal management of the business. Purpose No. 6 is accomplished by the checking clerks knowing, when comparing with duplicates from the dates and numbers, the quarter to which it belongs; and if any are found to belong to any previous quarter, a memorandum can be inserted in dividend, to have the same deducted from the amount of checks recorded when paying dividend. By such a course any attempts of this kind would soon be stopped. I estimate that this system will not require half the labour and cost which is involved in what are termed check-clerks—a system which requires clerks being stationed at each shop for the exchange of paper checks for metallic ones. By this system the clerks would be stationed at the central offices, under the supervision of the secretary, for the purpose of comparing the members' checks with the originals, and this could, with practice, be done very quickly indeed. The arrangement also brings the whole system under the direct

control of the committee, through its secretary, and can be kept as a sort of secret, and any tampering can be watched carefully and secretly until developed to such an extent as will enable a suitable example to be made of the guilty persons. The expense of such a system is far less than for metallic checks. It has now been in operation at the Eccles Society for nearly six months, and I have just received a letter from its secretary, in reply to my inquiry, that it is working satisfactorily, and that he is fully convinced that it is far superior to their previous system, which was the one of metallic checks. The cost of the complete set of checks for this society, comprising 3,293 members, and which will last over two years, amounted to only £95. 5s., or £11. 18s. 1½d. per quarter. This sum can but be considered most economical, and I feel certain, when more extensively adopted, the cost will not be more than the Banbury check-books, or any other paper checks in existence.

Considerable economy can be instituted in the labour of comparing checks with the duplicates by carefully examining the sheets and duplicates. First, to see that there is no appearance of any alteration of such figures as it would be most difficult to tamper with, and especially the smaller sums. Any attempt to defraud will naturally take place in sums of 10d. and upwards. It would scarcely be considered worth while running the risk of the discredit which such a course would entail to tamper with the checks that could only secure to the guilty person a few pence. 1d., by the addition of a cypher, can easily be made into 10d.; it can also be made into 11d. by the addition of a 1. Shillings and pounds can easily be added to pence, so that it is imperative that all such sums be compared. The greater number of the checks issued will be for small amounts under 10d. There are amounts even in coppers that it may be deemed desirable by practice to compare; for instance 1d. can easily be made into 4d., 6d., 7d., or 9d.; 3d. can easily be made into 8d. Experience will best determine how far it

will be necessary to make the comparisons in these instances, and it appears to me that a careful examination of the sheets, both those containing members' checks and the duplicates, would be found to be all that would be necessary in the small sums.

Under this system the following instructions are issued to shopmen for their guidance during check-week :—

"During the early portion of the week for taking in checks, get all in readiness as far as possible, *i.e.*, add up all sheets possible, ready to bring in. The making up of goods try to have done previous to check-day, in order that all available time can be devoted to check-sheets. Add up carefully the check-sheets when presented, and place the total amount on the back. Thus, say for example, 'Ten 16/4,' writing the pounds in words. If the shillings are under ten, write 'ten-6-4,' if over ten shillings write as before, 'Ten 16/4.' Issue a transfer check for the fractional parts of ten shillings, and return the full sheet added to the members to bring in along with their share-book.

"When issuing sheets for next quarter, every sheet must be headed 'For quarter ending ———, ——.'

"No check-sheet will be accepted by the clerk appointed to issue receipts unless previously added and endorsed on back, as per instructions.

"In issuing these instructions for your guidance, the committee desire to impress upon you that it is imperative they be strictly adhered to."

———

8. The following scheme, as propounded in the *Co-operative News* some time ago, although it may not be nearly so perfect in its checking powers as some of its advocates claim, and would subject shopmen and members to some additional trouble, is, at any rate, worth a place in a pamphlet on checks of this nature. We therefore extract it in the writer's

own words from the *News*, with the explanation that it would be worked on the system of the previous one, so far as gummed cards, &c., and is, in fact, suggested as an improvement on the one referred to.

"In the system proposed to be substituted for metallic checks, explained previously, the most important part is filled by the check-card. The security against fraud offered by the plan would depend upon the thoroughness of the comparison made by the secretary, or other person entrusted with that duty, between the entries gummed to the cards and the counterfoils remaining in possession of the society. Now this comparison if effectively made, would, we fear, be found to be a troublesome operation. No doubt the rule that one card must be given up when another is issued, would have the effect of bringing the cards in regularly during each quarter, so that the work of examining them would go on continuously during the whole period, and not be heaped up into an overwhelming mass at its close, while little had to be done at any other time. But notwithstanding the facility for an efficient examination offered by this valuable part of the plan, we cannot but fear that the necessity of comparing the cards with entries, scattered, as these necessarily would be in any society doing an extensive business, over a mass of counterfoils which, in very many cases, would be spread over a number of books, must involve a very considerable amount of time and labour, much more highly paid than that of the check-boys for whose work the cards are proposed as a substitute.

"It is worth while, therefore, to consider whether there cannot be found for keeping a record of purchases some other system, which, while it preserves the advantage of the check-card, may lessen the trouble attending a comparison of the claims for dividend with the record of sales on which that dividend is to be founded. As a contribution to this object, we have pleasure in bringing before our readers a proposal communicated to us, for using stamps in connection

with the check-cards as a basis for the calculation of dividends.

"It is proposed to issue checks resembling postal stamps, which would be taken as the measure of their size, each representing one or more pence or shillings up to ten shillings. These stamps would be separated by perforations, be gummed at the back, and made up into books containing whatever number was found convenient of stamps of the same denomination, numbered continuously. Checks for amounts higher than one stamp would be formed by using a number of stamps corresponding to the sum attached to each other. To become available as claims for dividend, the stamps would be required to be gummed in lines one under the other, upon cards supplied by the society, as proposed by the plan previously explained; the total of the stamps forming each line being carried out in the margin into a column for £ s. d., in which, at the top, would be entered the sums brought forward from one card to the next, by the officer charged with the duty of examining and verifying the cards, as proposed in that plan.

"An obvious objection to this proposal is the space which the multiplication of stamps required to denote any considerable amount of purchases less than 10s. each would require if this amount is denoted by multiples of 1d. or 1s. An equally obvious answer is, 'Issue books consisting of stamps for larger amounts, say 3d., 6d., and 9d. for the pence, and 3s., 6s., and 8s. for the shillings, and let the stamps for single pence or shillings be used only to make up the difference.' But this scheme, though excellent on paper, in practice would draw after it, (1) to the shopman the trouble of having to use two books instead of one in giving out the checks; (2) to the purchaser a double chance of loss, from having possibly four stamps to take care of, two for pence and two for shillings, instead of two only.

"The author of the plan proposes, therefore, to meet the difficulty by a different method of saving space, namely, by

using stamps of a smaller size in those cases where more stamps than one are required. Taking a penny postage stamp as the basis, it is clear that if two stamps are used together each will be sufficiently wide if it has half, or, if four are so used if it has a quarter, the breadth of a single stamp; and that such stamps could contain all the statement necessary is shown by the accompanying figure, which is the exact size:—

"The name of the society might be printed across the stamp under the statement of amount, in ink of a different colour, or in white letters on a coloured ground, like the words 'One Penny' on a postage stamp. All confusion would be then avoided.

One Shilling, 1,000.	One Shilling, 1,001.	One Shilling, 1,002	One Shilling, 1,003.

"It is proposed, therefore, to issue—for pence, fewer than twelve, two books; and for shillings, fewer than ten shillings, three. The first book for the pence would contain stamps, each the size of half a postage stamp, of the value of 1d. or ½d. each, according to the lowest sum on which dividend was allowed. The second book would contain stamps of the value of 1d. each, and the size of those in the figure. In the shillings, each stamp would be of the value of 1s.; the difference in the books being only in the size of the stamps, which in the first book would be that of a postage stamp, in the second half, and in the third one-fourth of this size—the books being used respectively for sums of 1s., 2s. to 3s., and 4s. to 9s. Thus, except in the case of ½d. or 1d. respectively, no check would be smaller than a postage stamp; yet in the extreme case of 9s. 11½d. the space occupied on the card would not exceed that of 5½ postage stamps*; while in ordinary cases the shopman would not have to deal with

* If checks were given for ¼d. the first sheet of stamps would be divided into four, each the size of the figure. ½d., ¼d., and 1d. checks would be more liable to loss than the larger ones. But the purchasers of such small sums could not reasonably require that the general convenience should be lessened to save them from this risk.

more than two books, nor would the customer have more than two checks to preserve, one for shillings and one for pence.

"Upon this plan there could be no alteration of the checks, since the amount of each would be printed. There might be attempts to use false checks. Against these the plan proposes to provide by a very simple process of verification. Since each description of stamps used would form a separate series of consecutive numbers, it is proposed to provide for each a verifying book containing the same series. Then, as each card was brought in the examining officer would simply tick off, in the corresponding verifying book, the numbers of the stamps on the card, any attempt at imposition could not fail of being speedily brought to light by the appearance of a double number. And although, if the false number had been brought in first, it would not be immediately clear which of the two claimants was the guilty party, the society, having the cards bearing the names or numbers of those who brought them in, in its possession, would have in them the means of determining, without possibility of denial, the persons between whom the charge lay; and if the stamps were coloured, would probably have very little difficulty in immediately detecting the actual criminal, on comparing the counterfeit with the genuine stamp, by a difference of tint.

"Yet this verification would be a process so easy that it is scarcely possible to imagine one that could be carried out more easily.

"It remains to add, as an advantage claimed for this plan, that, without requiring any entry of sales to be made, it would furnish a check on the actual amount as complete as any entry of them which does not give the details can be. It would be necessary only to note the number of the last unissued stamp in each book when it was given over to any salesman, and compare it with the similar number in the book when it was brought in to be examined. The difference between the two numbers, multiplied by the value of the

stamps, would give the sum for which the salesman had to account in respect of that book, and the total of all the books in use would be the total of recorded sales.

"The fraudulent suppression of money takings from buyers who do not ask for checks would not be prevented by this comparison. But neither can it be prevented by requiring the sales to be entered, since, in the case supposed, the entries would not be made. But as against all sources of error, except fraud, this check would be complete, since it would reduce the possibility of mistake to a minimum, and determine, with absolute certainty, the sum that ought to be forthcoming, which might be more, but ought never to be less, than the checks issued. And every salesman might be required to agree that he would be responsible for all money which, according to the number of stamps appearing to have been used, he was liable to account for."

A scheme invented by Mr. Jas. Watt, and for some time in use at King's Lynn, may prove of interest to many of our readers, though we think, from its complex nature and the large number of kinds of checks required to work it, that it will never become popular in a majority of our societies. We have, however, pleasure in appending a description of it in Mr. Watt's own words, together with his remarks criticising a proposed scheme already described.

"Fifty-seven different kinds of checks were provided, beginning at ¼d. and ending at 10s. These checks were printed in sheets, perforated like postage stamps, and each contained forty-two checks, all of the same value. The checks on every sheet were numbered from 1 at the bottom left-hand corner to 42 at the top right-hand corner, the numbers running up the columns. This numbering and arrangement was not for verification (which is not needed in this system), but for convenience of counting when

balancing the check-book. To hold these check-sheets a book was provided, having fifty-seven leaves, each leaf indexed on the margin with the value of the checks on the sheet to be laid on that leaf. The book was made larger than the sheets by the breadth of the index portion. The sheets being put in their places in the book, it was laid upon a board a little longer than itself, and about the breadth of itself, the index portion being laid so as to hang over the edge of the board, which arrangement made the book open easily. A small bar of wood, about three-fourths of an inch in breadth, was now laid across the back part, in a line with and close to the stitching, and was fastened to the board by a thumbscrew at each end. Being screwed tightly down on the book, it kept it in its place on the board, and also kept the sheets of checks securely in their places. I should have mentioned that each sheet had a strip of margin on the left edge, and the bar passed across that strip. The whole operation of filling the book with check-sheets and making it ready for use did not take more than five minutes, and being once filled up, after alterations in renewing sheets did not take half that time. It was used as follows:—Suppose checks for 7s. 6½d. were wanted. The finger was placed on the index at 7s., the book opened there, and a 7s. check taken out; then it was pressed on the index at 6½d. and a check taken from that sheet. One check serves for all sums up to 1s.; from that up to 10s. two are needed, that is if there be pence in the sum; from 10s. to 20s. three are needed (only two if no pence be in the sum). The taking out of even three checks is done as quickly as writing the sum over carbon paper and tearing the written check out, and there is no room for disputes about figures and non-correspondence of checks and duplicates; nobody can dispute about printed figures. The customer having got the paper checks from the shop-man now hands them to the check-boy, who gives metallic checks in exchange, and drops the paper ones into a locked

box through a slit in the lid. The committee, when they meet, open the box, and the contents are burnt. It will be clear that by this system the value of the checks found in a book at the end of any period during which it has been in use, must be balanced by the cash returned by the shopman during or at the end of that period. We balance the check-books weekly, for by this system the labour of balancing is not increased by letting it stand over for a week, or even for a quarter. The work to be done is the same at the end of a day as at the end of a year, and it can be done easily in a quarter of an hour, that is for each check-book in use in a shop. The amount of business done by the person using the book, too, does not affect the work of balancing; indeed, the more business there has been done the easier the balancing is likely to be, for the checks remaining unused in the book will be fewer, and, consequently, the calculation of their value will be easier. The balancing is done by noting down on a slip of paper the number of checks remaining unused on each sheet, carrying their value into the money columns, adding up, and deducting the sum of the addition from the value of the checks given out to the shopman. If the value of the sheets of checks given out be £150, and when the book is balanced £100 worth of checks be found remaining in it, £50 has been received by the person using the book. The foregoing describes the way in which we work the system in the Lynn Store, and it answers the purpose of a check system perfectly ; that is, it is a certain record of the amount of cash taken, with less trouble to all concerned than is required by any other system.

" But as a record to members of their outlay in the store, and consequent claims to dividend, I felt that it was open to improvement; the metallic checks in our case, as at Halifax, seeming to offer opportunities for fraud, although not in the same way as in that case. We found that there was a possibility of metallic checks being pilfered from the shop, and there were complaints of non-members' checks

being brought in by members. I do not believe that we lost much in either way, but to meet those evils I had formed a plan which would have been put in operation had our society continued to exist. Unfortunately, it came to an end, ruined by causes needless to specify here, and so my proposed modification of the check system remained untried. What I proposed was this. To abolish the use of metallic checks, and to give to each member a book in which to preserve his paper checks. The book was intended to be made of the width of three checks across the page and in length of page about ten or twelve checks, ruled in spaces the size of a check, and each page headed £ s. d. Either the pages of the book, or the backs of the checks, as might be found to answer the purpose best, to be gummed, and the checks to be affixed by that means to the pages by the check-boy. Each page, when filled, to be added up, and the amount carried to the top of the next page; and so on, page by page, till the end of the quarter, when the addition of the page then in use would show the amount of the member's purchases for that quarter and his claim to dividend. Each member's book to have his number written or printed on the cover; non-members' books not being so numbered, could not then have members' dividend paid on the sums entered in them. To guard against forgery of checks for the purpose of obtaining dividend fraudulently, I propose to provide a well-cut hand stamp, with suitable design and provision for daily change of date, like those used in post-offices. With this stamp the check-boy should stamp all checks after putting them into the customers' books. The colour of the ink used in stamping might, as an additional precaution, be also changed from time to time. I do not myself think it necessary to provide against forgery by shopmen. I see no danger of that happening. But if it were thought to be necessary, a cylinder stamp, of the full size of the sheet of checks, might be provided, with design engraved on the cylinder, and each sheet passed through it and embossed

before it was issued to the shopman. Two other alterations I proposed, in no way affecting the principle of the system, but for greater convenience in working it. I proposed to make the checks smaller, about the size of a postage stamp, to have 100 in each sheet. This was meant to make calculation of their value easier, and also to cause less frequent renewal of receipts in the check-book. The other alteration was to increase the number of sheets by eleven, beginning at 11s., going to 19s., then £1 and £2. This increase of sheets would cause only two checks to be required for sums up to £1. 1s. From that up to £3 three checks would suffice. This is the system as used and as proposed to be amended. In all there would be sixty-eight sheets.

"I find that the author of 'Another Proposal' objects to the number of sheets used in my plan. He will probably be surprised to find that I propose to increase the number by eleven, and that, if necessary, I should not hesitate to increase them by a score. The number of sheets adds nothing to the work, nay, it diminishes it, in so far as fewer checks are wanted. It seems to me that when he speaks of each shopman having to be supplied with a bundle of fifty-seven sheets, he calls up a vision of something very portentous. The fearfully inconvenient book that contains all these sheets is, in size, 12in. by 10in., and about an inch thick, and the addition of sheets adds no more to the labour of using it than the addition of letters to the index of a partially-used ledger adds to the difficulty of finding any particular account in it. By my system, one book, which may be opened at any sum in a moment, is used; by his system five books are wanted, and even then, if I understand him, sums under a penny are not checked. He objects also that my plan, as originally proposed, made no provision for verification. My whole aim was to get rid of the labour of verification, of which I had seen more than enough, and which I had no faith in, and I claim for this system that, when worked with metallic checks, no verification is needed.

If used as I have suggested, without metallic checks, I believe fraud would be prevented by such stamping as I have proposed."

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9. It has been urged by some that metal checks should be abolished, and a system of cardboard tickets, after the style of railway tickets, substituted. The advocates for it claim that by its means a much better check on cash takings would be secured, also that time and labour on the part of employés would be saved. In working it out, however, we are afraid it would be found to entail as much trouble and be more costly than some of the systems already described, and unless the most extreme precautions were taken there would be a greater liability to forgery than under the metal check system, the card and ordinary printing being much easier to get and use than the die and metal required for the other, and the risk of detection and proof would be much lighter. We think a description of such a system should be inserted here, and consequently extract the following from the Co-operative Manual:—

"The difficulty of making the metal tokens any check on the money takings arises from their being used as, in some sense, a circulating medium. By giving up this notion, and using other substances than metal, the tokens may be made to serve as such a check. Suppose them to be made of cardboard, like railway tickets, each bearing the name of the society and the coin denoted printed upon it, but being distinguished by continuous numbers. If the number of such tokens of each denomination required for the business in any given time, say a week, is issued to a salesman, suppose on Monday, and he is required on the Monday following to produce these tokens or their value in money, a check on the money taken would be supplied, which could scarcely be evaded, without immediate detection, by any other means than the use of forged tickets numbered similarly to some of those comprised in the weekly issue.

For, even if the salesman could, by connivance with some member, purchase tokens previously issued, he could not use them unless they belonged to the series in use during the week; because the numbers would not be right; and if the account were taken every evening, as might be easily done if any fraud were suspected, and probably would be done regularly in a large business, it would be scarcely possible for any salesman without being detected to buy back tokens issued during the same day.

"Tokens skilfully forged could be discovered only when the tokens brought in for dividend were compared with them. Then the duplicate numbers would bring the fraud to light. Hence it has been objected to this system, that frauds might easily escape detection, from the trouble of arranging the mass of tokens brought in for examination in the order of their numbers. But this difficulty may be got over by providing a means by which the tokens belonging to the same part of the series can be easily brought together. At Rochdale, where such a system of tokens was formerly adopted, this means of classification was supplied by dating the tokens as they are issued. But this operation implies a continual expenditure of time, as well as the cost of a dating machine. A less costly and equally efficient plan would be to have each set of tokens made up into packets, containing, say, 50 or 100, each packet having a distinctive number conspicuously printed on each token contained in it. By noting the numbers of these packets issued to any salesman from time to time, and the value of the tokens in each, the sums for which he was accountable and the dates of each issue would be ascertained; while by grouping the tokens as they were brought in under their common numbers, the labour of arranging them in continuous order would become light.

"The system of exchanging tokens of denominations smaller than £1, or any other minimum amount on which dividend is calculated under the rules of a society, for others

of this nominal value, might be applied to these cardboard tokens as well as to those of metal. And if these dividend tokens were issued only by the secretary, or some person specially appointed by the committee to discharge this office, then there would be no temptation to the salesmen to issue the tokens over again, as might easily be the case if any belonging to the series actually in use came into his hands.*

"Cardboard is, however, a somewhat expensive material. A cheaper sort of tokens was formerly adopted at King's Lynn, in Norfolk† (see description, p. 40).

"On either of the plans of printed tokens above described it would be easy to distinguish different sets of tokens issued to different departments by difference of colour. Those issued to different salesmen in the same department would be distinguished by differences of numbers.

"The case of sales to non-members would be met by furnishing the salesmen with stamps with which to mark the tokens issued. In the case of articles, such as sugar, not carrying dividend, they would simply keep and produce the tokens.

"In regard to both these classes of sales, however, the system is imperfect. A dishonest salesman might give out ordinary tokens, unstamped, upon sales of sugar or sales to non-members, on an understanding that he was to share in the dividend obtained by their use. Still, this roguery would not affect the check on the moneys taken, while, as it must involve the concert of other persons, and therefore incur the greater liability to detection, for a small gain, and that not immediate, it is not very likely to be practised.

"Apart from this danger, considered only as a means of controlling the money takings, the system appears to be very

* The labour of sorting the tokens might be considerably lightened if a box were provided with as many divisions as there are groups of any denomination of tokens in use at once. The tokens could then be sorted as they came in, merely by throwing them into the appropriate divisions.

† Now defunct.

complete at a very small cost, namely, that of the tokens employed and the trouble of examining them.

"To estimate this cost it is necessary to form an idea of the number of tokens required for any given amount of trade. The data for this purpose in the case of metal tokens were obtained by Mr. Morrison from the experience of the great society of Halifax, whence the following table is formed.

"Quantities required for every £1,000 of goods sold, according to the experience of the Halifax Society:—

Nominal value.	No. of checks required.	
	On sale of £1,000.	On sale of £10 a week.
10s.....	228	30
5s.....	1,000	130
1s.....	7,000	910
6d.....	5,500	715
3d.....	5,000	650
1d.....	10,000	1,300
½d.....	7,000	910
	38,728*	4,645

"To these must be added, if the smaller tokens usually made of tin are to be turned into £1 tokens, usually made of copper, before they become entitled to dividend, 1,000 £1 tokens. So that the total number for a trade of £1,000 will be 39,728.

"The calculation is based on the business of a quarter. Dividing £1,000 by 13, it gives us £76. 8s. 4d. as the amount of weekly sales, which would require this number of checks to represent it. That is to say, if account is taken of the time which the tokens issued remain out on an average before they come back to the society, it will be found that for every £10 of weekly sales there will be wanted 4,645

* If tokens for intermediate numbers were used, the number of 1d., 3d., and 6d. tokens might be diminished, but the total number would probably be somewhat increased, because there would be more unused.

tokens of the different denominations above stated, in addition to the 130 tokens of £1 each, into which the smaller tokens have to be converted.

"In comparing the cost of the different systems, it must be remembered that the metal tokens are continually re-issued, while both the paper and cardboard tokens are supposed to be used once only; so that, though the cost must be considerably less at first, it is constantly renewed; but with the probable compensation of saving a great deal more than the cost, by the losses which it may prevent the society from sustaining, as well as the satisfaction of feeling that these tokens afford a real check on the money taken. At King's Lynn this consideration alone appears to have been regarded as a sufficient reason for adopting the method used there; for the system is stated to have been combined with the use of metal tokens, for which the paper tokens were required to be exchanged as soon as they were issued."

Having described the various systems of check in actual operation, and the suggested schemes, it would appear, under the terms of our appointment, to be our duty to select one and recommend it to the movement as the best, and to urge its adoption by the various societies in the kingdom; but after very careful consideration and examination of the schemes submitted in this pamphlet and others, we do not feel justified in recommending any one particular scheme as being perfect. We notice several that have good points, and some that are pre-eminent over others in particular directions, but in all cases we find some fault or detraction which renders them slightly short of perfect; our experience during the inquiry we have made has been that, whatever system is at work, it depends very largely on the manner it is worked, that is, on the care and attention devoted to it by those in whose hands it is left for completion. The system

as inaugurated at Droylsden Society, and described on pp. 11 to 13, appears to us to meet the requirements of ordinary small societies, and, if well followed up by the officials of the society, would certainly prove effective as a check on shopmen and, to a considerable extent, on members' claims; but we fail to see where the link is supplied which prevents a member claiming on a non-member's checks, supposing, as we are informed, that checks of a similar nature are given to all purchasers.

The scheme as submitted by Mr. T. Wood, and at work at Eccles (see art. 7, page 28), is evidently carefully framed to meet all the requirements of a thorough check system, as set out on page 4, but we are very doubtful as to whether it would not break down when tested practically, from the large amount of office labour entailed on the continual checking and verifying of the duplicates in the system proposed; at any rate, we think that the extra amount of work thus put on the office of any society who may adopt the scheme would be viewed with something like alarm by those who had it to do, and that there would be at least a probability of its being shirked, in which case, of course, the system would fall through, as the very essence of a scheme of this kind consists in the proper checking or following up of the check by the office. We shall watch, with special interest, the adoption of this scheme by the various societies, especially the larger ones, as it no doubt possesses good points, and may be made a thorough check, though whether the extra amount of labour and cost entailed in it may not prove fatal to its proper working remains to be seen.

Large societies may possibly be induced to adopt the system already at work at Oldham Industrial and other societies, and described pp. 10 and 11, which, no doubt, secures what it set out to attain, viz., a complete check on both shopmen's takings and members' claims, as well as being a check on the checks; but we are afraid that the great outlay entailed in establishing it, and more particularly the

continued cost of carrying it out effectually, will deter any but those societies who are in a good position financially, and who have a moderate reserve to work on, from experimenting on it.

The shop-book system, as at work at Oldham Equitable, and described on pp. 15 to 20, though it has been termed antiquated, primitive, &c., we believe possesses the elements of a more thorough check than any of the other schemes. It does, at any rate, act as a certain check on members' claims, securing that each member is paid only on his own purchases, especially as dividend is paid from the society's check-ledger, and not from checks or tokens claimed by members. It thus effectually debars a member from any chance of purchasing and claiming on non-members' checks. If properly followed up, too, it will act effectually as a check on the shopmen. Like the system reviewed above, it will entail extra office labour, but, as the cost of metal checks is saved, and also that of check-clerks, we think the cost will not be found excessive, and have no doubt that in the course of time societies, especially the larger ones, will see it to their interest, even at a little extra cost, to keep an exact account of the claims it has to meet for dividend, and be able to pay from such account, instead of, as now, having a sort of co-operative currency continually floating, and which may at any time be brought in as a claim, causing the dividends to vary from quarter to quarter in a manner most astonishing. If you keep an account of tradesmen's claims against the society for goods, why should not an account be kept of members' claims for dividend? It is a little costly, but more business-like, and we feel sure would ultimately pay.

The systems as at work in Scotland, and described on pp. 20 to 24, seem to go round about to get to the point: that at Port Glasgow, pp. 21 to 23, is merely like section 2, page 7, with additions, and made more cumbersome, with but little extra security.

The idea of a co-operative currency, as suggested by Mr. M'Nair (see pp. 20-21), is certainly ingenious, and would be for the benefit of the society working it, if it were practicable, but we are afraid, under the present system of co-operative working, it is entirely out of the question. We know that it is at work in some of our large hotels and restaurants, where one man receives all the cash and gives customers in exchange tickets of certain values, which represent the edibles or drinkables they require; but in this case the parties purchasing these substitutes for coins know exactly what they require, and consequently, just what value to ask for; but in the case of members of a store, it would be necessary to get an uncertain or unknown quantity of value of such substitutes, as no thrifty housewife knows at the end of the week exactly how much she will be able to spend at the store; and, indeed, until the store is able to supply everything, and workmen can receive their wages in, say, labour notes, as described by Mr. Holyoake, and which should be negotiable at any co-operative store, we are afraid that our members will not be disposed to invest their week's earnings in coins of vulcanite, ivory, &c., or co-operative currency, even to further the co-operative store.

The scheme as suggested by Mr. Neale would, we are afraid, be found too intricate for our ordinary store workings. We have no doubt the system, properly worked, has many advantages, but what is mainly required in an ordinary co-operative store, especially at certain times of the week, is despatch; and, from our knowledge of members visiting the stores, we are afraid they would not brook the delay necessary to carry out the details of the scheme.

The other schemes as suggested (see pp. 38 to 52), we leave societies to judge of by the description and our remarks thereon, though we think they are not likely to be at all generally adopted, from the intricacy and troublesomeness of their nature, and the extra labour and cost entailed in working them. What is required by societies is

a check of a simple and easily-worked nature, which will prove tolerably effective, without adding materially to the cost of the society's workings, and this, we believe, can be attained much better by an improved working of some of the systems already described than by any of these new suggested ones.

We believe that several of the systems here described might be made thoroughly effectual if well worked, and although we have selected none to specially recommend as being perfect, yet we think societies will be enabled for themselves to make a selection, and by care and attention to work the system they may choose to their satisfaction and the benefit of their members; and if we have succeeded in bringing information before committees and individuals on a subject it has long been wished for, we shall feel that our labour has not been in vain, and that we have, at any rate to some extent, carried out the work committed to our hands by the Central Co-operative Board.

Co-operative Printing Society Limited, 17, Balloon Street, Manchester.